



June 30, 2006

Dear Citizens of Sandy:

We are pleased to present to you the budget for the 2007 fiscal year (FY). This budget represents months of hard work by the budget staff and numerous city staff members from each department. The document has been developed with the goal of providing excellent services to our residents over the course of the next year.

COMMITMENT TO CORE SERVICES

Over the past few months, the City Council and Administration have held numerous strategic planning and goal setting sessions to better clarify and identify current and future organizational needs and objectives. The message that resounded from these meetings was a desire to focus efforts in FY 2007 on the city's core services; namely, police, fire, water, streets, and parks. Recognized as critical to maintaining the quality of life in our community, attention to these basic services will continue to set us apart as one of the state's premiere municipalities.

Specifically, the City Council and Administration are committed to making Sandy City a great place to live, work, and play. In meeting this end, the goals and focus for FY 2007 include the following:

- Maintaining and improving basic core municipal services.
- Ensuring the integrity of residential neighborhoods.
- Preserving and improving public infrastructure and transportation systems.
- Solidifying and expanding the city's business base, including the recruitment of clean commercial development.
- Developing community and arts facilities.
- Strengthening communications with citizens, businesses, and other institutions.
- Retaining a highly qualified employee work force.

The pages that follow reflect actions of the City Council and Administration in achieving the FY 2007 goals and focus. The FY 2007 budget does not represent the hiring of large numbers of new employees or the creation of new programs, but instead focuses on building upon the organization's core services and enhancing programs and functions that have already been established in years past.

A GROWING AND DIVERSE ECONOMY

The city continues to experience healthy growth. Aided by an infusion of many new and diverse residential, commercial, and retail developments, the approved budget includes an additional \$2.6 million in on-going revenue to the general fund.

Projects directly attributing to the city's revenue gains include several retail components, with a new Wal-Mart Supercenter and Lowes Home Improvement in the Quarry Bend development, a new Home Depot at the Little Cottonwood Center, a new lifestyle center at the South Towne Mall, and the final piece of the city's successful automall development, Saturn of Sandy. Business expansion in the community is also underway with approximately 530,000 square feet of office space under construction and expansion of one of the city's largest employers, Becton-Dickinson. Finally, a variety of residential construction projects are adding to the community's population base. With a housing mix that includes single-family homes, luxury condominiums, and affordable multi-family units, these new neighborhoods will further establish the community as one that caters to all ages and circumstances.

Moreover, it is significant to note that the city, in managing its financial resources, has been able to use a large amount of on-going revenue for specific, one-time purposes in FY 2007. Such a commitment provides greater flexibility with city resources in the future and better positions us in up-coming operating years.

The following is a review of significant on-going issues found in this budget document:

- *Neighborhood Preservation and Code Compliance.* In 2004, the City Council adopted a comprehensive neighborhood preservation ordinance. The ordinance outlined what is expected of residents in the maintenance of yards and homes. As part of this effort, the city, through the Community Development Block Grant (CDBG) program, hired an additional Code Compliance Officer in FY 2006 to specifically address the concerns of Historic Sandy. This year's budget includes transferring responsibility for this position from CDBG to the general fund.
- *Street Reconstruction and Hazardous Concrete Repair.* Maintaining the city's transportation infrastructure requires an annual commitment to our road maintenance and overlay program. This budget includes monies to improve the community's collector and neighborhood streets. Also, many hazardous concrete sidewalks have been scheduled for repair or replacement in the next 12 months. FY 2007 will add an additional \$225,000 to the on-going street overlay and hazardous concrete budget, increasing the total, on-going line item amount to over \$1.28 million.
- *Impacting Youth in Middle Schools.* In FY 2004, the Police Department received a federal grant to place police officers in the community's middle schools. The three-year effort has proved very successful and highlighted the great impact law enforcement personnel can have on preteens. This year's budget continues the funding of three police officers in the city's middle schools, using general fund monies.
- *Park Expansion and Growth.* As the city continues to expand its parks and recreational amenities, it is necessary to add parks personnel. In FY 2007, the city will construct and complete four new parks and one trail head; namely, Creekside Park, the Promenade Wetlands, the Urban Fishery, the Granite Trail Head, and an 8-acre park at Quarry Bend. This year's budget includes the hiring of one full-time grounds worker and two seasonal grounds workers to partially address our growing maintenance needs. Future years will require us to add personnel as the noted acreage is fully developed.
- *Employee Compensation and Health Insurance.* FY 2007 continues the city's efforts to retain a qualified workforce. Existing salary survey information suggests that the city is gaining ground on its sister communities and that changes made to our compensation plan in FY 2006 are leading to expected positive outcomes. Consistent with a rise in the area's cost of living, a 2% market

adjustment is included in this year's budget for all city employees. In addition, FY 2007 will mark a change in the city's healthcare carrier. Previously with Intermountain Healthcare and Altius Health Plans, all city employees will transition to Blue Cross Blue Shield of Utah on July 1.

- *Fund Balance.* As in years past, monies have been set aside in the general fund balance to soften unanticipated needs and provide additional financial security and strength to the city as a whole. The \$384,531 contribution increases the cash reserve fund to 11.5% of general fund revenue.
- *Alta Canyon Property Tax Increase.* Despite strength in the general taxes and revenue of the city, the Alta Canyon Recreation District has struggled to make ends meet. Sandy City assumed management of the Alta Canyon facility in FY 2003. The financial health of Alta Canyon has stabilized but it has become apparent that it will be difficult to maintain this health long term without further subsidy from the general fund. Alternatively, the Alta Canyon Board recommended a 20% property tax increase. By state law, the property tax rate is adjusted annually to allow additional taxes for new growth but not for the increased value of existing properties. As a result, the purchasing power of the property tax revenue has diminished over time. This is the first property tax increase since the Alta Canyon taxing district was established in 1984. Consistent with the board's recommendation, the City Council approved the tax increase pending the "truth in taxation hearing" required by state law. This hearing is scheduled for August 8, 2006. The increase will generate nearly \$58,000 in additional revenue at an annual cost of \$6.77 to the owner of a \$300,000 home.

CAPITAL PRESERVATION AND GROWTH

In addition to on-going revenue, we also expect one-time revenue of \$4 million. Approved spending allocations include the following:

- *Replacement of Fire Station 32.* In July, the city will begin construction of a replacement for Fire Station 32. Built in 1982, the existing structure lacks adequate sleeping quarters for fire personnel and space for the department's needed equipment and supplies. Moreover, the current structure fails to meet today's seismic codes. The new, expanded 10,000 square foot facility will also house a police substation and a community room. It is anticipated that construction of the station will take nine months. The FY 2007 budget includes \$1.35 million for the new station.
- *Arterial Streets and Matching Requirements.* In FY 2006, the city received substantial federal monies for the complete reconstruction of 1300 East. The project, which will include a complete overlay, wall replacement along the entire corridor, and trail, median, and intersection improvements, is expected to begin in the spring of 2007. Consistent with all federally appropriated projects is a local municipal match. In FY 2007, the city will set aside \$1.74 million of the needed \$2.87 million project match. Moreover, it should be noted that significant one-time monies have also been appropriated this year to address other road needs, including an overlay of 10600 South, a new traffic signal at 9600 South Highland Drive, and monies to purchase rights-of-way for future city streets.
- *Municipal Building Preservation, Renovation, and/or and Replacement.* As the city's buildings and facilities grow older, the city has set aside funds to deal with the matter. Of particular concern are the city's Parks and Recreation Building and the now 14-year-old City Hall.

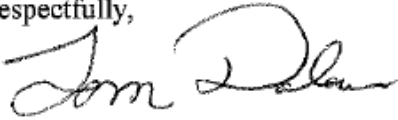
Programmed projects include a new roof at City Hall, as well as an architectural assessment and building replacement review of the Parks and Recreation Building.

- *Parks and Trail Development.* FY 2007 will mark another successful year in the development and maintenance of the city's parks and trails infrastructure. Included in this budget are the resources needed to complete the Urban Fishery, expand parking at Flat Iron Park, enhance trail amenities at Quail Hollow Park, reconstruct parking lots at Bell Canyon Park and Willow Creek Park, and complete a full-service, 8-acre park at the Quarry Bend development. These additions only serve to reinforce the city's commitment to open space and trails.

A BRIGHT FUTURE

As we enter a new fiscal year, we are excited for what the future holds for Sandy City. The city is financially strong as a result of positive economic growth, conservative budgeting practices, and grant opportunities from both the state and federal governments. Our residents continue to be pleased with the service levels we provide, as well as the community's overall quality of life. We are committed to the vision and direction set as part of this budget process and will strive to make Sandy City an even better place to live, work, and play. We look forward to another successful fiscal year.

Respectfully,



Thomas M. Dolan
Mayor



Steve Fairbanks
City Council Chair



Byron D. Jorgenson
Chief Administrative Officer